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C O N F I D E N T I A L QUITO 000003

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DEPT OF COMMERCE WASHDC  
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SUBJECT: CODEL REID MEETING WITH PRESIDENT-ELECT CORREA

Classified By: Charge d'Affaires Jefferson T. Brown for Reasons 1.4(b)  
and (d)

¶1. (C) Summary. In a wide ranging conversation with Codel Reid, president-elect Rafael Correa asked for better treatment of Ecuadorian migrants, welcomed Sen. Reid's statement that he would work for ATPA extension, expressed a commitment to combat narcotic trafficking, complained vociferously about Colombian spraying along the border, reaffirmed that the Manta FOL agreement would not be renewed, stressed his commitment to combat corruption, and asserted that the Occidental Petroleum case is closed from Ecuador's perspective. End summary.

¶2. (U) Senator Harry Reid, accompanied by Senators Durbin, Conrad, Gregg, Bennett and Salazar, met on December 29 with President-elect Rafael Correa. Correa was accompanied by nine members of his transition team, including five ministers-designate, Maria Fernanda Espinosa (Foreign Relations), Gustavo Larrea (Government), Ricardo Patino (Economy), Alberto Acosta (Energy), and Raul Sagasti (Industry).

¶3. (U) Sen. Reid opened the discussion by noting that the visit by the bipartisan delegation to Bolivia, Ecuador and Peru is an indication of the importance they place on U.S. relations with the Andean region. Correa in turn welcomed the visit by senior members of the U.S. Senate and stressed the importance that he places on relations with the United States.

Immigration

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¶4. (C) Correa first raised the status of Ecuadorian immigrants in the United States. He stressed that he regrets that conditions are such in Ecuador that the migrants have felt compelled to look elsewhere for work and that his top priority will be to change the economic and social conditions in Ecuador. However, given the large number of Ecuadorians in the United States, many of whom are in "irregular" status, Correa asked for a dialogue with the Senators on what can be done to improve the status of Ecuadorian migrants.

¶5. (C) Senator Reid replied that members of Congress are committed to try to do something about immigration in the United States and will work on a solution that needs to address four issues: better border security, a temporary guest worker program, a pathway for legalization for the 11-12 million undocumented workers in the United States, and

a more effective employer sanction program.

¶6. (C) Senator Reid said that if Correa's team had additional information on specific immigration cases, to please share that information with the Ambassador, who would relay it to the Congressional delegation.

ATPA

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¶7. (C) Senator Reid said the United States and Ecuador could also work on other areas of cooperation, and said that that all the members of the congressional delegation support extending the Andean Trade Preferences Act (ATPA) by more than six months.

¶8. (C) Correa welcomed the support for ATPA extension, and said that had been the second item that he had intended to raise.

Counter Narcotics

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¶9. (C) Senator Durbin, acknowledging that demand for illegal narcotics comes from the United States, asked for Correa's views on combating narcotics trafficking.

¶10. (C) Correa said that combating narcotics is not a U.S. problem, but a global one, noting in particular the problems it causes for young people. He said that his government will be committed to fighting the narcotics problem. He said that his government will be pragmatic, and therefore will look at what is effective. He stressed the need to generate alternative employment. He also expressed dissatisfaction with heavy penalties in Ecuador for minor drug offenders (such as mules), often marginal unemployed people and single mothers, while major traffickers are less frequently caught.

¶11. (C) Government Minister-designate Larrea noted recent record drug seizures in Ecuador as a sign of Ecuador's commitment to combat narcotics. He acknowledged DEA support, but stressed the work done by the Ecuadorian police. He also highlighted the Ecuadorian police and military presence along Ecuador's border with Colombia, saying that the state presence is key to impeding coca cultivation in Ecuador.

Colombian Spraying

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¶12. (C) Correa complained vociferously about the Colombian decision to renew coca spraying close to the Ecuadorian border. In response to Sen. Reid's comment that he views the matter as a bilateral problem that he hopes Colombia and Ecuador can resolve, Correa said that the spraying is not just a bilateral problem, since it contaminates the ecosystem and affects human rights. He asserted that most South American nations support Ecuador's position, and asked that the United States pronounce on the matter.

Manta FOL

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¶13. (C) Senator Durbin asked for Correa's views on the Manta Forward Operating Location (FOL), saying that from the U.S. perspective the Manta FOL was serving both U.S. and Ecuadorian interests. Senator Reid said that he had heard about Correa's opposition to renewing the agreement in 2009, but asked that in the next two years the United States be given the opportunity to explain how the FOL advances both nations' interests.

¶14. (C) In Correa's reply, he (incorrectly) stated that the United States has only three military bases in Latin America ) in Puerto Rico, Guantanamo, and Manta -- and that in his concept of sovereignty, Ecuador cannot have a foreign base on its soil. He added that Ecuador is not a coca producer, while Colombia is; therefore he suggested that the FOL would be more appropriately located in Colombia. He repeated that

Ecuador will respect the current agreement, although in his view it is not receiving any compensation. He concluded by firmly asserting that the agreement will not be renewed in 2009.

#### Anti-drug Assistance

15. (C) FM-designate Espinosa said that of the resources available under the Andean Counter-Drug Initiative, only three percent of the funds go to Ecuador, while 60% go to Colombia. Sen. Reid replied that under current budget constraints, assistance will not increase, but he would look into the distribution of funds.

#### Corruption

16. (C) Senator Bennett, noting concerns from his constituents that corruption has affected Ecuador's investment climate, applauded Correa's campaign commitment to combat corruption. Senator Reid noted that the United States had withdrawn visas for certain corrupt individuals. Correa said he will combat corruption to the death, since otherwise his government could not implement a successful economic policy. He welcomed the U.S. decision to withdraw visas from corrupt officials as a means to highlight the problem, and expressed the hope that the individuals will also be prosecuted within Ecuador's judicial system.

#### Economic Cooperation?

17. (C) Senator Conrad asked how the United States and Ecuador could work to promote opportunities for all. Correa noted that two areas had already been addressed: migration and ATPA. He then went on to criticize certain aspects of the current international economic system, including intellectual property rights which restrict the use of pharmaceutical generics and sharing technologies, and a global debt system that charges higher interest rates for bankrupt countries. He called for an international bankruptcy court and the need to change the "international mercantilistic financial" system.

#### Dollarization

18. (C) Senator Gregg asked if Ecuador would continue to use the dollar, and Correa simply replied yes.

#### Investment Climate/Oxy

19. (C) Senator Salazar noted the need to maintain a positive investment climate. Correa, inferring that the comments were aimed at the seizure of Occident Petroleum's (Oxy) assets, asserted that Oxy had violated its contract and that Ecuador was simply applying its law. He said that the ICSID arbitration process requires that both parties agree to arbitration, and Ecuador never concurred to ICSID arbitration. When Sen. Salazar said that it would be best for all parties if the matter were resolved quickly, Correa responded that it is for Oxy to decide, since from Ecuador's perspective the matter is closed.

#### Comment

20. (C) In a wide-ranging discussion, President-elect Correa for the most part appeared to stick to his script as one who is prepared to work with the United States where our interests coincide from his perspective. End comment.

21. (U) The CODEL has cleared on this cable.  
JEWELL